

## **Dealer Agreement History**

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- The following provisions have been added to the new agreement:
  - Primary product placement of CNH branded equipment
  - Separation from CNH dealerships of personnel, facilities and capital for dealer's other significant business activities
  - Prohibition of selling on Internet auction sites
  - Submission of monthly financial statements to CNH
  - Preparing and submission of annual business plan
  - Maintaining adjusted debt to tangible net worth ratio of 4.0:1.0



# New Case IH Sales & Service Agreement

## Why



- Commonality within CNHI Brands: Case, Case IH and New Holland
- Since the current Sales & Service Agreement was drafted and introduced in 1990, much has changed in our industry; the new Sales & Service Agreement takes these changes into account and thus offers CNH and its dealers an agreement that is more appropriate for today's agricultural equipment industry and the business relationship we value with our dealer body. Some of the industry changes that have prompted the need for a new Sales & Service Agreement include the following:

- Dealers are larger and more sophisticated with multiple locations that sometimes cross state lines;
- New business tools such as computers, the internet and financial software are now used every day in our businesses;
- More sophisticated agricultural equipment that is guided by increasingly complex software;
- Many new laws and regulations that govern every aspect of our industry; and
- A more competitive business environment that challenges both manufacturers and dealers to modernize their business practices.

## How



- Dealer actions requiring new contracts will utilize new agreement
- Examples:
  - Mergers and Acquisitions
  - Ownership Changes
  - Location changes
  - Addition of product lines
  - Territory changes

## When



- Implementation targeted to start June 2015
- Target all dealers on new agreement by end of 2016

## Where



- United States and Canada

## Highlights CASE IH New vs. Old

Provision	New	Current
Equity Requirement	4:1 (20%) Equity requirement	No such provision in current contract
Market Share Obligation	90% of State or Regional Average	"Satisfactory to the Company"
Duration of Agreement	10 year followed by 5 year automatic renewal unless either party notifies 90 days prior	Indefinite unless terminated by one or both parties
Modification of Sales and Service Area	Case IH can enlarge or reduce upon 60 days' notice	Case IH can enlarge or reduce upon 30 days' notice
Right to Cure for Market Share Breach	If Dealer breaches Market Share obligation, Dealer will be provided a 12 month cure opportunity before Case IH may terminate	No right to cure in current contract. Case IH may terminate Agreement for such breach with 90 days' written notice
Right to Cure for General Breach of New Agreement	If Dealer breaches Agreement, Case IH/NH must provide written notice and 60 days to cure default prior to termination	No right to cure in current contract. Case IH may terminate Agreement for a breach with 90 days' written notice
Indemnification by Company	Case IH will indemnify Dealer's losses relating to use of Case IH Trademarks and/or Authorized Software in Equipment	No such provision in current contract
Business Plan Requirement	Dealer to submit annual Business Plan with inventory stocking and sales objectives, training plans, advertising plans, etc.	No such provision in current contract